

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)	
ADJUSTMENT FILING OF VALLEY)	CASE NO. 89-103-F
GAS, INC.)	

O R D E R

On November 9, 1989, the Commission issued its Order in Case No. 89-103 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On February 12, 1993, Valley Gas, Inc. ("Valley") filed its quarterly gas cost adjustment ("GCA"), which is to become effective April 1, 1993 and is to remain in effect until July 1, 1993.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Valley's notice of February 12, 1993 set out certain revisions in rates which Valley proposed to place into effect, said rates being designed to pass on to its customers its wholesale decrease in gas cost from its supplier. Valley's expected gas cost ("EGC") for the calendar quarter beginning April 1, 1993 is \$3.0129 per Mcf. Valley had incorrectly calculated its EGC but had supplied sufficient supplier price information to correct it.

2. Valley's notice contained a refund adjustment in the amount of 29.10 cents per Mcf to return supplier refunds of

\$14,511. Valley did not calculate interest on its refund. This calculation should be supplied and included as a refund adjustment in Valley's next filing.

3. Valley's notice set out a current quarter actual adjustment which was calculated using an incorrect EGC for October, November, and December. The correct adjustment in the amount of (9.85) cents per Mcf compensates for over-recovery of gas cost by the company through the operation of its gas cost recovery procedure during the months of October, November, and December 1992. The total actual adjustment of 16.48 cents per Mcf is designed to correct the current over-collection as well as under- and over-collections from previous quarters.

4. The combined effect of the above adjustments is Valley's gas cost recovery rate ("GCR") in the amount of \$2.8867 per Mcf, which is a decrease of 39.06 cents per Mcf from its last approved rates.

5. Valley's corrected adjustment in rates, set out in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case No. 89-103 dated November 9, 1989 is fair, just, and reasonable, in the public interest, and should be effective with service rendered on and after April 1, 1993.

IT IS THEREFORE ORDERED that:

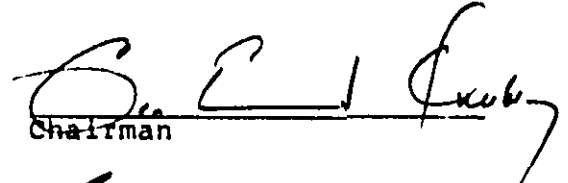
1. Valley's proposed adjustment in rates be and it hereby is denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with service rendered on and after April 1, 1993.

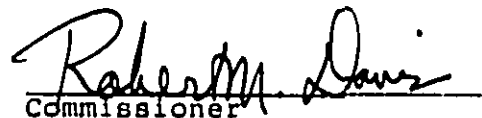
3. Within 30 days of the date of this Order, Valley shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 26th day of March, 1993.

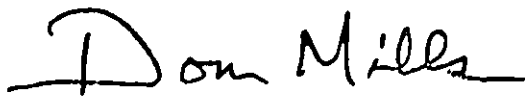
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 89-103-F DATED 3/26/93

The following rates and charges are prescribed for the customers served by Valley Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge			\$3.40
All Mcf	\$1.0628	\$2.8867	\$3.9495